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February 26, 2026

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Highway
Lansing, MI 48909

Re: MPSC Case No. U-21870

Dear Ms. Felice:

Enclosed herewith for filing in the above-referenced matter, please find Solar Technology LLC's Replies to Exceptions, and the proof of service regarding same.

Very truly yours,



Jennifer Utter Heston

Enclosures
Cc: All Parties of Record

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the) Case No. U-21870
generation and distribution of electricity)
and for other relief.)
_____)

**SOLAR TECHNOLOGY LLC’S
REPLIES TO EXCEPTIONS**

NOW COMES Solar Technology LLC (“Solar Tech”), by and through its attorneys, Potomac Law Group, PLLC, and pursuant to the schedule established by Administrative Law Judge Jonathan F. Thoits (“ALJ”), hereby respectfully submits these Replies to Exceptions to the ALJ’s Proposal for Decision (“PFD”) issued on January 29, 2026 on Consumers Energy Company’s (“Consumers”) application for authority to increase its rates for the generation and distribution of electricity and for other relief.

I. INTRODUCTION.

In these Replies to Exceptions, Solar Tech responds to certain specific positions advanced by the Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan (jointly as “MNSC”) in their Exceptions filed on February 17, 2026. Solar Tech continues to support the positions identified in its briefs and exceptions for the reasons contained therein, and for the reasons discussed further below. Solar Tech requests that the Commission: i) approve the same power factor adjustment provision for Rate LEDR as is used for Rate GPD and Consumers’ other primary rates; and ii) approve a facilities allowance for Rate LEDR, as proposed by Consumers.

II. THE ALJ CORRECTLY RECOMMENDED APPROVAL OF CONSUMERS' PROPOSED RATE LEDR FACILITIES ALLOWANCE.

The ALJ correctly recommended that the Commission approved a facilities allowance for Rate LEDR, including for existing Rate LEDR customers.¹ The ALJ recognized the contested history of a proposed facilities allowance for Rate LEDR and stated that Consumers' proposal in this case, that includes only distribution and system contribution revenues and is based on a 5-year term, is consistent with the Commission's guidance from Consumers' last rate case, MPSC Case No. U-21585.² As such, the ALJ recommended approval of the proposal.³

Only MNSC opposed the proposed facilities allowance. In making his recommendations, the ALJ carefully addressed each of MNSC's arguments and found them unpersuasive.⁴ MNSC filed exceptions to the judge's recommendations.⁵ MNSC's arguments are without merit. The Commission should approve the proposed Rate LEDR facilities allowance.

A. Rate LEDR is not a discounted rate.

To begin, MNSC argues that Rate LEDR is an "excessively discounted" rate.⁶ MNSC then compares the Rate LEDR charges to Consumers' primary demand rate, Rate GPD, charges.⁷ MNSC's comparison, however, is misguided and inapposite. Consumers' Rate GPD is a fully-embedded cost to serve rate whereas Rate LEDR is an economic development rate. They are two different rates designed to provide cost-based service to two different types of customers imposing different costs on Consumers. Rate GPD serves existing customer load based on Consumers' overall average cost to provide electric service using Consumers' overall portfolio of resources.

¹ PFD, pp. 815-817.

² Id., pp. 815-816.

³ Id., p. 815.

⁴ Id., pp. 816-817.

⁵ MNSC Exceptions, pp. 15-32.

⁶ Id., p. 17.

⁷ Id., pp. 17-18.

In contrast, Rate LEDR is an economic development rate that was designed to serve new load at Consumers' marginal cost to provide service to the new load.

Rate LEDR is not a discounted rate. Consumers' witness Connolly explained that Rate LEDR is not a discounted rate.⁸ Witness Connolly explained that the rate is based on cost of service and that the Commission determined that the rate complies with Michigan law, is reasonable, and in the public interest.⁹ The Commission could not have approved the rate if the rate did not comply with Michigan's statutory requirement that rates are equal to the cost of providing service.¹⁰

B. Consumers' proposed facilities allowance is responsive to the Commission's previously stated concerns.

MNSC then takes issue with the ALJ's recommendation to approve the facilities allowance because it aligns with the Commission's guidance in MPSC Case No. U-21585.¹¹ MNSC claims that the ALJ neglected to consider the Commission's other previous concerns.¹² MNSC then summarizes the Commission's previous determinations regarding past Rate LEDR facilities allowance proposals.¹³ MNSC's statements, however, are not relevant and misleading.

The Commission's previous statements regarding previous Rate LEDR facilities allowance proposals do not reflect how the Commission will evaluate Consumers' proposal in this case. Consumers' Rate LEDR facilities allowance proposals evolved from MPSC Case No. U-21389 to MPSC Case No. U-21585 to the current case. In MPSC Case No. U-21389, the Commission

⁸ Connolly Rebuttal, 3 Tr Corrected 171.

⁹ Id.

¹⁰ See, MCL 460.11(1), "Except as otherwise provided in this subsection, the commission shall ensure the establishment of electric rates equal to the cost of providing service to each customer class. In establishing cost of service rates, the commission shall ensure that each class, or sub-class, is assessed for its fair and equitable use of the electric grid."

¹¹ MNSC's Exceptions, p. 19.

¹² Id.

¹³ Id., pp. 19-20.

reaffirmed its support for economic development but found the facilities allowance proposal in that case did not adequately protect against a potential rate subsidy.¹⁴

In MPSC Case No. U-21585, Consumers again sought approval of a Rate LEDR facilities allowance. The Commission again did not approve the proposal in that case but provided clear guidance as to what the Commission would find appropriate. Consumers then filed for approval of an allowance in this case that strictly adheres to the Commission’s guidance.

Many of the issues raised by MNSC in opposition to a facilities allowance for Rate LEDR were also raised by MNSC in opposition to the Rate LEDR facilities allowance proposed in Consumers’ previous general rate cases, MPSC Case Nos. U-21389¹⁵ and U-21585.¹⁶ Despite MNSC’s opposition for a Rate LEDR facilities allowance in Consumers’ prior general rate case, the Commission stated that “in its next electric rate case, if the company believes it beneficial to provide a facilities allowance for Rate LED, Consumers should propose a facilities allowance that includes only distribution and system contribution revenues, not power supply revenues, and that is based on a limited term.”¹⁷

Consumers’ proposal in this case follows the Commission’s guidance. Consumers’ proposed facilities allowance includes only distribution and system contribution margin revenues in the calculation of the proposed facilities allowance and limits the term of the allowance to just five years.¹⁸ The proposed 5-year facilities allowance is consistent with the standard allowance offered to other primary customers.¹⁹ MNSC concurs that the proposed facilities allowance in this

¹⁴ “The Commission is actively supportive of economic development in Michigan . . . However, the Commission agrees with the ALJ that ‘the arguments regarding the proposed facilities allowance creating a subsidy for Rate LED customers’ are persuasive.” Order dated March 1, 2024, MPSC Case No. U-21389, p. 248.

¹⁵ See, Order dated March 1, 2024, MPSC Case No. U-21389, pp. 241-249.

¹⁶ See, Order dated March 21, 2025, MPSC Case No. U-21585, pp. 418-419 & 422.

¹⁷ Order dated March 21, 2025, MPSC Case No. U-21585, pp. 424-425.

¹⁸ Consumers’ Initial Brief, p. 416.

¹⁹ Connolly Direct, 3 Tr. Corrected p. 160.

case is much narrower than previous proposals.²⁰ Thus, the Commission's previous statements regarding concerns with previously proposed Rate LEDR facilities allowances do not apply. The Commission would not have provided guidance if it were not receptive to approving a facilities allowance for Rate LEDR. The compliant facilities allowance proposal should be approved.

C. The Commission should permit existing Rate LEDR customers to participate in any facilities allowance.

Further, the ALJ also recommended that the proposed facilities allowance should be offered to Consumers' two existing Rate LEDR customers, if the customer's contract contemplates a future facilities allowance.²¹ While the ALJ recommended a separate *ex parte* filing to confirm application of the facilities allowance to the two customer contracts, Solar Tech,²² Consumers,²³ and even MNSC all oppose that recommendation.²⁴ MNSC acknowledges that all of the evidence necessary to decide the issue is in the record in this case, including relevant existing Rate LEDR contract provisions.²⁵

MNSC incorrectly claims that the existing Rate LEDR contract terms do not support application of an approved facilities allowance.²⁶ Confidential Exhibit MEC-29C contains portions of the existing Rate LEDR contracts. Paragraph 9(j) of the Rate LEDR contract,²⁷ expressly states that if the Commission approves a facilities allowance for Rate LEDR and the customer wishes to utilize it, then the customer may request a contract amendment and rate adjustment from Consumers. The Rate LEDR contract clearly anticipates the possibility of a future Rate LEDR facilities allowance.

²⁰ MNSC's Initial Brief, p. 105.

²¹ PFD, pp. 816-817.

²² Solar Tech's Exceptions, pp. 3-5.

²³ Consumers' Exception, p. 132.

²⁴ MNSC's Exceptions, pp. 29-30.

²⁵ *Id.*, p. 29.

²⁶ *Id.*

²⁷ Confidential Exhibit MEC-29C, p. 19 of 28.

MNSC also contends that the two existing Rate LEDR customers developed their projects without a facilities allowance, so they do not need it for Consumers to attract their load.²⁸ MNSC's position should be rejected.

Witness Connolly opposed witness Palmer's recommendation to exclude existing Rate LEDR customers from the facilities allowance. Witness Connolly explained that work on a Rate LEDR facilities allowance pre-dates contracts with existing Rate LEDR customers and those customers entered contracts considering the potential for an eventual allowance.²⁹ She states that the Rate LEDR facilities allowance should be applied to Rate LEDR contracts that address the potential for an eventual allowance.³⁰

Witness Gorman also supported the application of the proposed facilities allowance to existing Rate LEDR customers pursuant to the terms of their contracts.³¹ Witness Gorman explained that other existing customers can access a facilities allowance.³² Witness Gorman also explained that Rate LEDR customers may also have opportunities for load growth that could be facilitated by a facilities allowance and that these opportunities should not be foreclosed by prohibiting Consumers' two existing Rate LEDR customers from accessing a facilities allowance.³³ In short, witness Gorman determined that MNSC witness Palmer's concerns were unfounded and unsupported.³⁴

The Commission should approve Consumers' proposed Rate LEDR facilities allowance, including for existing Rate LEDR customers whose contracts were executed anticipating the eventual approval.

²⁸ MNSC's Exceptions, pp. 27-28.

²⁹ Connolly Rebuttal, 3 Tr. Corrected p. 170.

³⁰ Id.

³¹ Gorman Rebuttal, 4 Tr. pp. 3178-3179.

³² Id., p. 3179.

³³ Id.

³⁴ Id.

III. CONCLUSION

For all the reasons explained in Solar Tech’s briefs, exceptions, and these Replies to Exceptions, as well as in the ALJ’s PFD in this case, Solar Tech respectfully requests that the Commission: i) approve the same power factor adjustment provision for Rate LEDR as is used for Rate GPD and Consumers’ other primary rates; and ii) approve a facilities allowance for Rate LEDR, as recommended by Consumers.

Respectfully submitted,

POTOMAC LAW GROUP, PLLC
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Date: February 26, 2026

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STATE OF MICHIGAN

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Case No. U-21870

PROOF OF SERVICE

Jennifer Heston hereby certifies that, on the 26th day of February 2026, she served Solar Technology LLC's Replies to Exceptions and this Proof of Service upon the persons identified on the attached service list by electronic mail.

/s/ Jennifer Heston _____
Jennifer Heston

Administrative Law Judge

Honorable Jonathan F. Thoits
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